

## **Just the Facts: House Republicans' Tax Cut for the Wealthy Won't Grow the Economy, Put Americans Back to Work**

*"The bill's proponents, led by Majority Leader Eric Cantor, say that lower taxes would lead to more hiring. But the economic reality is that employers, big and small, are hesitant to hire because of slow or uncertain demand for their products and services, not because of their tax burden. And companies would receive the tax cut even if they did not hire new workers — making it a windfall, not an incentive."* [NY Times, [4/14/12](#)]

This week House Republicans are bringing another bill to the Floor that gives an across-the-board tax cut to the wealthiest Americans. Republicans are trying to hide under the claim that this bill will help small businesses, but the facts don't back them up.

- This bill adds \$46 billion to the deficit.
- It does not require recipients to create jobs or invest here in the U.S.
- The tax cut is not targeted to benefit small businesses. Because it is based only on number of employees, 99.6% of American businesses will be eligible, meaning it could go to wealthy individuals, professional sports teams, and businesses that are eliminating employees or shipping jobs overseas.
- According to the [Tax Policy Center](#), nearly half of the tax cut would go to people with annual income over \$1 million, and more than four-fifths would go to those making over \$200,000. Only 16 percent of the tax cut would benefit the 76 percent of small-business employers making less than \$200,000.
- The proposal is one of the least cost-effective ways to impact economic growth and job creation in a weak economy, according to a [CBO analysis](#).
- The bill does not address lack of demand, which small business owners cite as a major challenge.
- This bill carves out yet another special loophole, contrary to Republican claims that they want to simplify the tax code.

Experts agree this bill will not create jobs or boost our economic recovery:

- [Joint Committee on Taxation](#): In their committee report, Ways and Means Committee Republicans included the JCT economic impact analysis, which describes the bill's impact as "so small as to be incalculable."
- [Former Reagan Economic Advisor Bruce Bartlett](#): "No economic rationale was provided for this legislation...even among Republican-oriented think tanks such as the Heritage Foundation... The Republican tax plan will do nothing whatsoever to increase employment. It is nothing more than an election year give-away to a favored Republican constituency and should not be taken seriously."
- [Center on Budget and Policy Priorities](#): "Though billed as a measure to create jobs by aiding small businesses, House Majority Leader Eric Cantor's (R-VA) proposal for a 20 percent tax deduction in 2012 for businesses with fewer than 500 employees would benefit many high-income taxpayers — including many affluent doctors, lawyers, and stockbrokers — while failing to generate the promised economic benefits."

While Republicans continue cutting taxes for the wealthiest among us, in the Senate they also blocked a vote on the "Buffett Rule," which asks all Americans — including millionaires — to pay their fair share. According to a new [CNN/ORC International poll](#), 72 percent of Americans favor changing the federal income tax rates so that people who make more than \$1 million a year will pay at least 30 percent of their income in taxes.

*Office of Democratic Whip Steny H. Hoyer, 4/17/12*